

**Japan Facility Management Market Assessment, By Type [Hard Service, Soft Service],
By Mode [Single, Integrated], By Industry Type [Organized, Unorganized], By
End-user [Commercial, Residential, Industrial, Public], By Region, Opportunities, and
Forecast, FY2018-FY2032F**

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Report description:

Japan facility management market is projected to witness a CAGR of 7.16% during the forecast period FY2025-FY2032, growing from USD 53.28 billion in FY2024 to USD 92.62 billion in FY2032 due to several factors including rising trend of outsourcing non-core operations and expansion in the real estate sector. Organizations and government institutions are realizing the benefits of integrated facility management solutions that involve maintenance, security, and cleaning services, fueled by government regulations related to safety and environmental sustainability that promote green practices. Increased infrastructure spending is also contributing to market growth, especially in healthcare, retail, and manufacturing.

Smart building technologies incorporated in facility management are changing the face of operational efficiency, allowing for real-time monitoring and predictive maintenance. As businesses adapt to changing consumer expectations and regulatory requirements, the demand for comprehensive facility management solutions continues to grow. The market also reflects regional dynamics, with urban centers such as Tokyo and Osaka driving demand for technologically advanced solutions while rural areas focus on cost-effective and essential services. The competitive landscape consists of a combination of global players that provide integrated facility management solutions and local players focusing on single-service solutions, such as cleaning and security systems. This diversity will allow for the provision of facility management solutions tailored to specific industry needs. Additionally, the continued urbanization and industrialization trends in Japan provide further opportunities for innovative applications within the facility management domain. As companies are diversifying their service portfolio in maintenance, repair, and other services efficiency in operations, the market is likely to grow across various sectors.

For instance, in October 2024, Colliers International Japan K.K.'s hotels & hospitality Services division commences operation in Japan. Colliers announced the establishment of a new service offering in its growing Japan business in September. With the

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establishment of the new Hotels & Hospitality Services team in Japan, Colliers leverage our extensive track record and know-how in the hotel and hospitality sector, cultivated in Japan.

For instance, in October 2024, NTT DATA Corporation and Workday, Inc. signed a strategic service partnership to deliver advanced Human Capital Management (HCM) solutions to Japanese enterprises. The collaboration will provide end-to-end services, from consulting to implementation, using Workday Human Capital Management. This initiative aims to address labor shortages and drive digital transformation in workforce management. The partnership focuses on optimizing human resources to enhance corporate value and sustainable growth.

Technological Developments Drive the Market

Technological developments and the advent of humanoid robots to provide facility management services in Japan profoundly impact the market. These robots are used in government institutions, including railways, as a part of this trend. These robots can paint, lift heavy objects, and quickly provide maintenance services that enhance operations' efficiency and safety through reduced human exposure to hazardous environments. With the labor force moving into decline, the adoption and incorporation of robotics fill the gap created by a dwindling workforce. This enables companies to maintain productivity while minimizing the impact of the declining employee count. The deployment of such technologies facilitates the efficient delivery of services while addressing the challenges brought by the elderly and aging population, hence making facility management more efficient and sustainable in the long term.

For instance, in June 2024, Sumitomo Mitsui Financial Group and Recruit signed an agreement to explore financial service collaboration through Recruit's "Air Business Tools." The partnership aims to enhance productivity for Japan's small and medium-sized enterprises amid a labor shortage. SMBC focuses on digital marketing and corporate solutions, while Recruit seeks to improve business efficiency. The collaboration will explore digital financial services to support SME growth.

Growth in Soft Services Drives the Market

The growth in soft services is driving the facility management market. These services include essential functions such as cleaning, security, catering, and waste management, which are increasingly in demand by organizations to enhance operational efficiency and occupant satisfaction. The growing focus on hygiene and safety, particularly in response to recent global health challenges, has increased demand for professional cleaning and sanitization services across various sectors. Moreover, the integration of technology, including IoT and analytics, is changing the way soft services are delivered, offering real-time monitoring and better decision-making. This is because as businesses continue outsourcing non-core functions to specialized providers, the segment of soft services is expected to expand further to solidify its pivotal role in shaping the future of facility management.

For instance, in January 2024, Skyline Robotics Ltd., developers of Ozmo, the world's first high-rise window-cleaning robot has been awarded a patent from Japan related to the automation of work and using robotic arms on a building's facade. As businesses realize the need to innovate products for facility performance and occupant comfort, soft services will continue to be a core part of the facility management industry, defining its future direction and operational standards.

Commercial Segment Dominates the Market

The commercial segment dominates the facility management market. This sector involves several establishments, such as offices, retail spaces, and healthcare facilities that require efficient management services. The increasing demand for well-maintained environments to boost productivity and ensure safety is driving this growth. As businesses are focusing on providing high-quality facility management to maintain their workspaces, commercial spaces have become sophisticated and require more advanced solutions. Moreover, increased urbanization and changing consumer needs in the retail and hospitality sectors also require effective facility management services. Thus, the commercial segment will continue to hold its ground in the future scenario of facility management services.

For instance, in December 2024, Hochiki and Ajira formed a business partnership to commercialize AI-driven security and facility management solutions. By integrating Hochiki's security systems with Ajira's behavioral recognition AI, the collaboration aims to enhance operational efficiency, reduce security costs, and address labor shortages in the security industry. This initiative will strengthen security offerings for commercial facilities and office buildings. Both companies see this partnership as a step toward expanding business opportunities in the growing smart security market.

Central Japan Acquires the Highest Market Share

Central Japan holds the major market share of facility management activities, with growing infrastructural development and an

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increasing paradigm shift towards outsourcing non-core business operations. In addition, considerable investments in commercial real estate in this region, with office buildings and retail spaces meeting the demands of the expanding urban population. Furthermore, the booming industries in Central Japan - including manufacturing and technology require effective and all-encompassing facility management solutions to maintain operational efficiency. To cater to the demands of companies, new offices officially opened in Tokyo's Shibuya business district, reflecting a strategic move to meet the increasing demand for sustainable information technology solutions.

For instance, in December 2024, ALSOK completed the acquisition of Osaka-based building management company Kanso, strengthening its facility management (FM) business. The company acquired 100% of Kanso's shares from H2O Commercial Development as part of its M&A strategy. This move expanded ALSOK's FM operations in the Kansai region, following its 2022 investments in three other firms.

Future Market Scenario (FY2025 – FY2032F)

- The Japan facility management market will increasingly incorporate smart technologies, enhancing operational efficiency and predictive maintenance. This shift will enable real-time monitoring and data-driven decision-making across various facilities.
- Growing environmental awareness will drive demand for sustainable facility management practices. Companies will prioritize green initiatives, aligning with government regulations aimed at reducing carbon footprints and promoting energy efficiency.
- The trend of outsourcing non-core operations is expected to gain momentum, allowing businesses to focus on their core competencies. This will create opportunities for facility management providers to offer integrated solutions that streamline services and reduce costs.
- The commercial real estate sector will continue to thrive, leading to increased demand for comprehensive facility management services. As infrastructure development accelerates, facility managers will play a crucial role in optimizing operations within hotels, retail spaces, and office buildings.

Key Players Landscape and Outlook

The competitive landscape of the Japan facility management market is characterized by high fragmentation, with numerous players of varying sizes actively participating. Major international vendors offer integrated solutions, while local companies often focus on single-service contracts. This diversity fosters a dynamic environment where companies engage in mergers, acquisitions, and partnerships to enhance their service offerings and address market challenges. Notable players are leveraging technology and innovation to improve service delivery. The shift towards integrated facilities management is a key trend, as organizations seek streamlined operations and enhanced efficiency. Additionally, the increasing emphasis on sustainability and compliance with safety regulations further shapes competitive strategies within the market.

For instance, in March 2023, CBRE K.K. announced a partnership with INSPACE, an Australian PropTech company specializing in digital twins, 3D stacks, and 360-degree virtual tours of real estate properties. CBRE's newly formed PropTech Solutions business unit provides innovative solutions for the real estate industry.

Table of Contents:

- 1.□Project Scope and Definitions
- 2.□Research Methodology
- 3.□Executive Summary
- 4.□Voice of Customer
 - 4.1.□Service and Market Intelligence
 - 4.2.□Brand Awareness
 - 4.3.□Factors Considered in Purchase Decisions
 - 4.3.1.□Features and Other Value-Added Service
 - 4.3.2.□Service Quality
 - 4.3.3.□Service Scope
 - 4.3.4.□Technology and Innovation
 - 4.3.5.□Customer Support
 - 4.3.6.□Scalability

- 4.3.7.□Flexibility
- 4.4.□Unmet Needs
- 5.□Japan Facility Management Market Outlook, FY2018-FY2032F
 - 5.1.□Market Size Analysis & Forecast
 - 5.1.1.□By Value
 - 5.2.□Market Share Analysis & Forecast
 - 5.2.1.□By Type
 - 5.2.1.1.□Hard Service
 - 5.2.1.1.1.□Plumbing
 - 5.2.1.1.2.□Electrical Works
 - 5.2.1.1.3.□Maintenance and Repair
 - 5.2.1.1.4.□Others
 - 5.2.1.2.□Soft Service
 - 5.2.1.2.1.□Security and Safety
 - 5.2.1.2.2.□Cleaning
 - 5.2.1.2.3.□Waste Removal
 - 5.2.1.2.4.□Others
 - 5.2.2.□By Mode
 - 5.2.2.1.□Single
 - 5.2.2.2.□Integrated
 - 5.2.3.□By Industry Type
 - 5.2.3.1.□Organized
 - 5.2.3.2.□Unorganized
 - 5.2.4.□By End-user
 - 5.2.4.1.□Commercial
 - 5.2.4.2.□Residential
 - 5.2.4.3.□Industrial
 - 5.2.4.4.□Public
 - 5.2.5.□By Region
 - 5.2.5.1.□North [Hokkaido and Tohoku]
 - 5.2.5.2.□Central [Kanto and Chubu]
 - 5.2.5.3.□South [Kansai, Chugoku, Shikoku, and Kyushu & Okinawa]
 - 5.2.6.□By Company Market Share Analysis (Top 5 Companies and Others - By Value, FY2024)
 - 5.3.□Market Map Analysis, FY2024
 - 5.3.1.□By Type
 - 5.3.2.□By Mode
 - 5.3.3.□By Industry Type
 - 5.3.4.□By End-user
 - 5.3.5.□By Region
- 6.□Porter's Five Forces Analysis
- 7.□PESTLE Analysis
- 8.□Market Dynamics
 - 8.1.□Market Drivers
 - 8.2.□Market Challenges
- 9.□Market Trends and Developments
- 10.□Case Studies
- 11.□Competitive Landscape

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- 11.1.□Competition Matrix of Top 5 Market Leaders
- 11.2.□SWOT Analysis for Top 5 Players
- 11.3.□Key Players Landscape for Top 10 Market Players
 - 11.3.1.□FM System, Inc.
 - 11.3.1.1.□Company Details
 - 11.3.1.2.□Key Management Personnel
 - 11.3.1.3.□Products and Services
 - 11.3.1.4.□Financials (As Reported)
 - 11.3.1.5.□Key Market Focus and Geographical Presence
 - 11.3.1.6.□Recent Developments/Collaborations/Partnerships/Mergers and Acquisition
 - 11.3.2.□CBRE K.K.
 - 11.3.3.□Jones Lang LaSalle K.K.
 - 11.3.4.□ISS Group
 - 11.3.5.□Nippon Kanzai Holdings Co., Ltd.
 - 11.3.6.□Compass Group Japan Inc.
 - 11.3.7.□Globeship Sodexo Corporate Services K.K.
 - 11.3.8.□Asahi Facilities Inc.
 - 11.3.9.□Kanden Facilities Co., Ltd
 - 11.3.10.□Cushman & Wakefield Asset Management K.K.

*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

- 12.□Strategic Recommendations
- 13.□About Us and Disclaimer

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